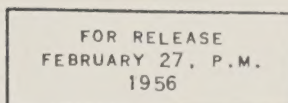
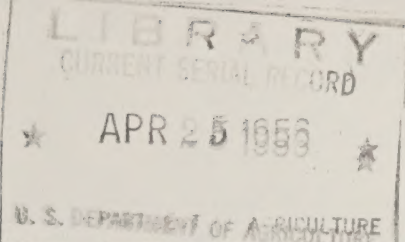


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



AOD-14 FEBRUARY 1956

Another new record in meat production is likely to be set in 1956.

The number of cattle and calves on farms increased for the seventh consecutive year in 1955, according to the annual inventory of AMS. The total of 97 1/2 million head on January 1 was 1% above a year earlier, but the increase was the smallest since numbers began to climb in 1949.

Most of the increase was in beef calves and steers which will be marketed in 1956. This probably means increased slaughter and greater beef production than in 1955. Consumers are expected to have around 82 pounds of beef per person this year, slightly more than last year's record rate of 81 pounds.

Hogs on farms on January 1 numbered 55,088,000, a gain of 9% over a year earlier. These figures point to a sizeable increase over last year in hog slaughter and pork production in the first half of 1956. A reduction is likely in the second half because of farmers' plans to reduce this spring's farrowings by 2% but total pork production this year probably will exceed 1955.

The sheep and lamb inventory hasn't changed much the last 4 years. The 31.1 million on farms January 1 was only slightly less than a year earlier. Lamb and mutton production in 1956 probably will be a little below 1955, though it could drop sharply if producers start rebuilding herds.

DAIRY PRODUCTS: An increase in consumption of dairy products this year is expected to about equal the gain in production. Consumers probably will use about the same amount of manufactured products per person in 1956 as in 1955. Consumption of fluid milk probably will rise slightly, partly because of the Special School Milk Program and the program to increase consumption by the Armed Services. The growth of population will boost total use.

Farmers had slightly fewer milk cows at the beginning of 1956 than a year earlier. But the rate of output per cow was a record and probably will continue high through 1956. An increase in the number of milk cows later this year is probable because of the improvement in the income and price position of dairy compared with other farm enterprises.

EGGS AND POULTRY. Farmers report that they plan to raise 3% more replacement chicks for their laying flocks this year than last. These plans indicate higher egg production in the last 4 or 5 months of 1955 than a year earlier.

Broiler prices in Del-Mar-Va in mid-February were running about 2 cents a pound higher than a month earlier. Marketings are continuing high.

OILSEEDS. Strong world demand is one of the main reasons for the rise in prices soybean and flaxseed in recent months. Both are above support. Lard prices have increased substantially during the past month as hog slaughter declined seasonally and demand continued strong. But lard prices are still well below those for edible vegetable oils.

FEEDS. Corn prices reached the highest level of the season in mid-February but were around 25 cents a bushel lower than a year earlier. Prices of oats, barley and sorghum grains have risen to near support levels but are below a year ago.

WHEAT. Cash prices are generally close to the highest levels of the season so far. The average price to farmers in mid-January was \$1.95 per bushel, 16 cents below a year earlier and 13 cents below the loan level.

FRUIT. Demand for oranges is continuing strong and prices are running higher than a year ago. Supplies remaining to be marketed are a little larger than last year. Moderately more grapefruit remain to be sold this winter and spring than last year and prices in early February were a little under those at the same time in 1955.

VEGETABLES. This winter's total supply of fresh vegetables is expected to be about the same as last winter's. About the same level of prices also is expected.

Potato prices have strengthened and are well above the low levels of last fall. A substantial quantity has been removed from regular marketing channels under the Government diversion program.

Larger potato production than last year in winter and early spring areas is in prospect. However, acreage for late spring harvest is down 7% from 1955 and growers' intentions indicate a 3 percent smaller acreage in the intermediate and late States.

COTTON. U. S. consumption of cotton continues at relatively high levels. The daily rate in January was the highest for the month since 1950. Prospects indicate consumption will continue high for the next few months. Exports the first 5 months of this season were less than half those of a year earlier. Prices for middling 15/16 inch cotton continued to rise in recent weeks. The 14 spot market average reached 35.45 cents per pound on February 17 compared with 33.92 a year earlier.

TOBACCO. Prices for the 1955 Burley crop averaged a record 58 1/2 cents per pound. The total supply for 1955-56 is 2 1/2% less than in 1954-55 but the second largest on record.

ECONOMIC ACTIVITY. Declines in home building and automobile production have been mainly responsible for slowing down the rise in economic activity. However, business investment and Government expenditures are continuing to expand.

Domestic demand continues strong and consumers probably will spend somewhat more for food this year than last. Quantity consumed per person is likely to be up slightly and the population is increasing. A continuation of the shift to more highly processed foods is expected and consumers probably will continue to demand more marketing services in connection with food.